

**B. Voting trust:** In a **voting trust**, the shareholders who are part of the arrangement **convey legal title** to their shares to one or more **voting trustees**, under the terms of a voting trust agreement. The shareholders become "beneficial owners" — they receive a "voting trust certificate" representing their beneficial interest, and get dividends and sale proceeds. But they no longer have voting power. [141]

**1. Validity; requirements:** Most states enforce voting trusts, if they conform with statutory requirements. Usually, these requirements include the following: [142]

**a. Maximum term:** There is almost always a **maximum term** for the voting trust (usually ten years).

**b. Disclosure:** Usually the trust's terms must be **publicly disclosed** (at least to the shareholders who are not part of the agreement).

**c. Writing:** The trust must generally be **in writing**, and must be implemented by a **formal transfer** of the shares on the transfer records of the corporation.

**2. Strict compliance:** These requirements must be **strictly adhered to**. If not, the court is likely to hold the entire agreement unenforceable. [143]

**D. Requirements for proxy:** The proxy itself is a **card** which the shareholder signs, and on which he indicates how he wants to vote. SEC rules govern the format of this card. [108]

**1. Function:** Most commonly, the proxy will be the method by which the shareholder indicates to management that he is voting for management's slate of **directors**. The proxy card will also be the shareholder's way of indicating how he votes on some major non-election issue, such as whether the company should merge with another corporation. The proxy is the method of casting shareholder votes in all situations except where the shareholder attends the shareholder's meeting. [108]

**2. Broad discretion:** The proxy form may not confer unduly broad discretion on the recipient. (*Example:* The card must list exactly what nominees management is proposing for election to the board; it may not confer on management the right to vote for unnamed candidates that management desires.) [108]

**3. Must be voted:** The recipient of the proxy (e.g., management or a group of insurgents waging a proxy contest) **must** vote the proxy as the shareholder has indicated, even if the shareholder has voted the opposite of the way the person who solicited the proxy would like. [108]

**E. Revocation of proxies:** Generally, a proxy is **revocable** by the shareholder, even if the proxy itself recites that it is irrevocable.

**1. Coupled with an interest:** However, if a proxy states that it is irrevocable **and** the proxy is "**coupled with an interest**" then it is **irrevocable**. A proxy is "coupled with an interest" when the recipient of the proxy has a property interest in the shares, or at least some other direct economic interest in how the vote is cast. (*Example:* A shareholder pledges his shares in return for a loan from Bank. The pledge is an interest, so the proxy will be irrevocable while the loan is outstanding.) [108]

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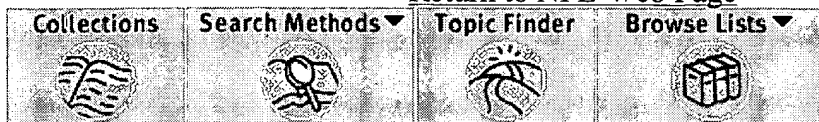
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## CO-NW moves forward

*Business Travel News*; San Francisco; Dec 7, 1998; [Jay Campbell](#);

**Volume:** 15  
**Issue:** 29  
**Start Page:** 4  
**ISSN:** 87503670  
**Full Text:**

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After the U.S. government all but stepped aside from the regulatory review of the Continental Airlines-[Northwest Airlines](#) marketing alliance, the two carriers last month wasted no time in announcing a slew of new services they will provide as part of the new relationship.

Vastly improving their positioning in CRS displays, for example, the carriers will begin accepting codeshare bookings Dec. 12 for 850 flights to 95 destinations.

Codesharing to and from Japan will begin Dec. 29 and will spread to other routes in January. [Northwest](#) initially will place its code on about 450 Continental daily flights serving 56 destinations. The "CO" code will appear on about 400 [Northwest](#) flights to 43 destinations.

Subject to regulatory review, the airlines yesterday began allowing frequent flyer reciprocity. Members of one frequent flyer program may request award travel from the other beginning Feb. 1 for travel beginning March 1. In terms of reciprocal lounge access, members in Continental's Presidents Club or [Northwest's](#) WorldClubs now are eligible to use the other's airport clubs. Internationally, reciprocal privileges are available to members who are traveling in CO's BusinessFirst, or [Northwest's](#) World Business Class or First Class.

Initiation of the alliance follows [Northwest's](#) planned acquisition last month of a majority voting interest in Continental (BTN, Nov. 2). Over eight million Continental shares were deposited into a **voting trust** and will be voted in the same proportion as the votes of other stockholders (with the exception of major transactions such as mergers) during the six-year term of the **voting trust**, plus an additional four years. Contrary to the initial agreement, [Northwest](#) will not have a designee elected to Continental's board. After the 10-year period, [Northwest](#) will have a majority voting interest in Continental, subject to the outcome of a lawsuit filed last month by the U.S. Department of Justice.

"We are pleased that this transaction has closed so we can turn our full attention to the successful implementation of our global alliance with [Northwest](#)," said Continental chairman and CEO Gordon Bethune. "The corporate governance agreements we have struck with [Northwest](#) gives Continental a decade of independence. Our customers soon will benefit from more destinations, more frequencies, better connections and a better frequent flyer program as a result of our alliance."

Continental and [Northwest](#) announced the investment and the alliance-and Continental announced some major changes to its OnePass frequent flyer program-in quick succession on Nov. 20. The two carriers were

anxious to launch an alliance that would keep them competitive with Delta-United and American-US Airways. It was the CO-NW alliance, in fact, that sparked the other two domestic pairings when it was announced earlier this year (BTN, Feb. 23). But because of the investment by Northwest, the two carriers until now were hamstrung by regulatory review.

Continental's OnePass loyalty program changes, effective March 1, include a new Platinum Elite level that earns bonus miles at a rate of 125 percent and unlimited confirmed upgrades from any paid fare, unlimited companion upgrades, capacity-free rewards at reduced mileage levels, guaranteed reservations with every full-fare coach ticket and more; a lower mileage level for a free domestic ticket during the off-peak periods of Sept.-May and June-Aug.; 20,000 miles; more confirmed upgrade opportunities for Elite members; and the elimination of black-out dates for EasyPass rewards.

"By lowering the redemption level for domestic off-peak travel rewards, we've made it even easier for people to travel for free using their frequent flyer miles," said Bonnie Reitz, Continental Airlines' senior vice president of sales and marketing.

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**THE WALL STREET JOURNAL.****①Craig Corp. Is Planning To Acquire Up to 41% Of Stater Bros. Shares***Wall Street Journal*; New York; Oct 14, 1986;**Edition:** Eastern edition**Start Page:** 1**ISSN:** 00999660**Abstract:**

COMPTON, Calif. -- ①Craig Corp. said it agreed to purchase as much as 41% of Stater Bros. Inc.'s common shares from a former Stater chairman for about \$20.1 million.

The distributor of consumer **electronic** products and photographic equipment said it would pay \$11.50 a share to purchase nearly all of the 1.8 million Stater shares owned by Bernard R. Garrett and the Garrett **voting trust**. ①Craig currently holds 286,000, or about 6.8%, of Stater's nearly 4.2 million shares.

**Full Text:**

Copyright Dow Jones & Company Inc Oct 14, 1986

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Craig said the additional shares in Stater, a Colton, Calif.-based supermarket chain, are for investment purposes. Mr. Garrett couldn't be reached.

The transaction is subject to approval by La Cadena Investments, a general partnership of which Jack H. Brown, Stater chairman and president, is managing partner. Earlier this year, Messrs. Garrett and Brown were involved in a proxy fight over Stater. In June, Mr. Brown was reinstated as chief executive officer and president and also was elected chairman, succeeding Mr. Garrett, who had ousted Mr. Brown in February.

If the purchase is approved, Craig and La Cadena would hold a combined total of 3.9 million shares, or more than 91% of Stater's common stock, Craig said. Under a pact reached last April, La Cadena would have the right to buy some of Craig's Stater shares, making the La Cadena and Craig holdings in Stater about equal, a Craig spokesman said.

Craig said that if La Cadena exercises its right to block Craig's purchase from Mr. Garrett, Craig would purchase 145,675 of Mr. Garrett's shares that aren't subject to La Cadena's approval.

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